TOUGH CHOICES OR TOUGH TIMES

THE REPORT OF THE *new* COMMISSION ON THE SKILLS OF THE AMERICAN WORKFORCE

®

NCEE
National Center On
EDUCATION
And The Economy

New global labor market

- Swiftly integrating world-wide labor market at ALL skill levels
- Poor countries producing large and growing numbers of HIGH SKILL, LOW COST workers
- Internet makes them available to the world's employers without moving

People doing routine work most at risk

- If your job is routine, it can be reduced to an algorithm
- If it can be reduced to an algorithm, it can be automated
- Cost pressures to automate jobs are high and increasing
- For every job being offshored, ten are being automated

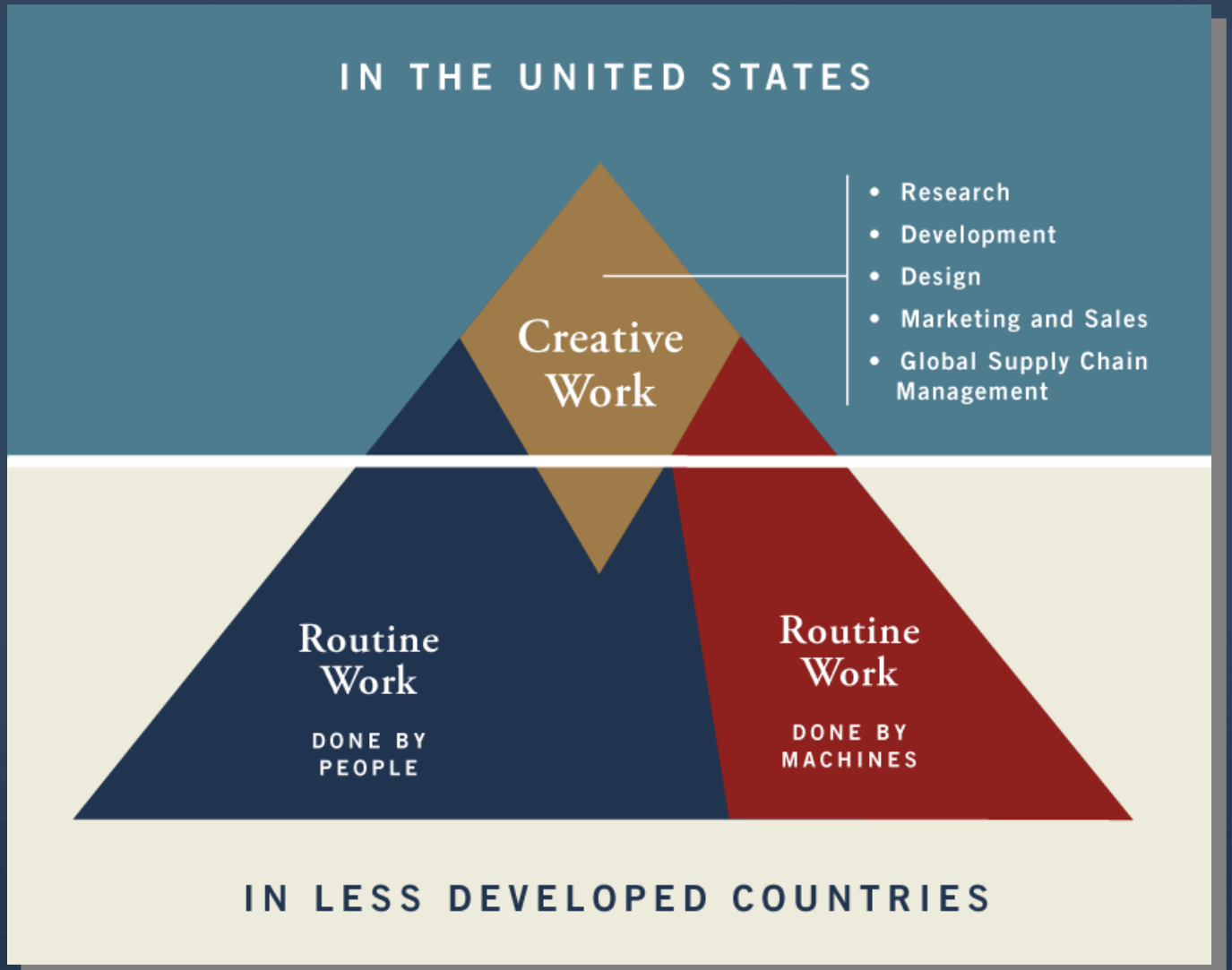
The Challenge

- Coalescing global labor market pushing wages down at all skill levels
- Result will be continuous downward pressure on American standard of living as smart machines and low-paid, well educated people compete with American workers in the global market

Who will pay high wages?

- Employers on the technology and creative frontiers (e.g., Apple)
- They need the world's best-educated, most creative workers
- Because they have what everyone wants, they can charge high prices and pay their workers very well
- US will succeed in maintaining its standard of living only if many, many firms are like this

Profile of Successful U.S. Firms in the Future



Why should highest paying employers hire Americans?

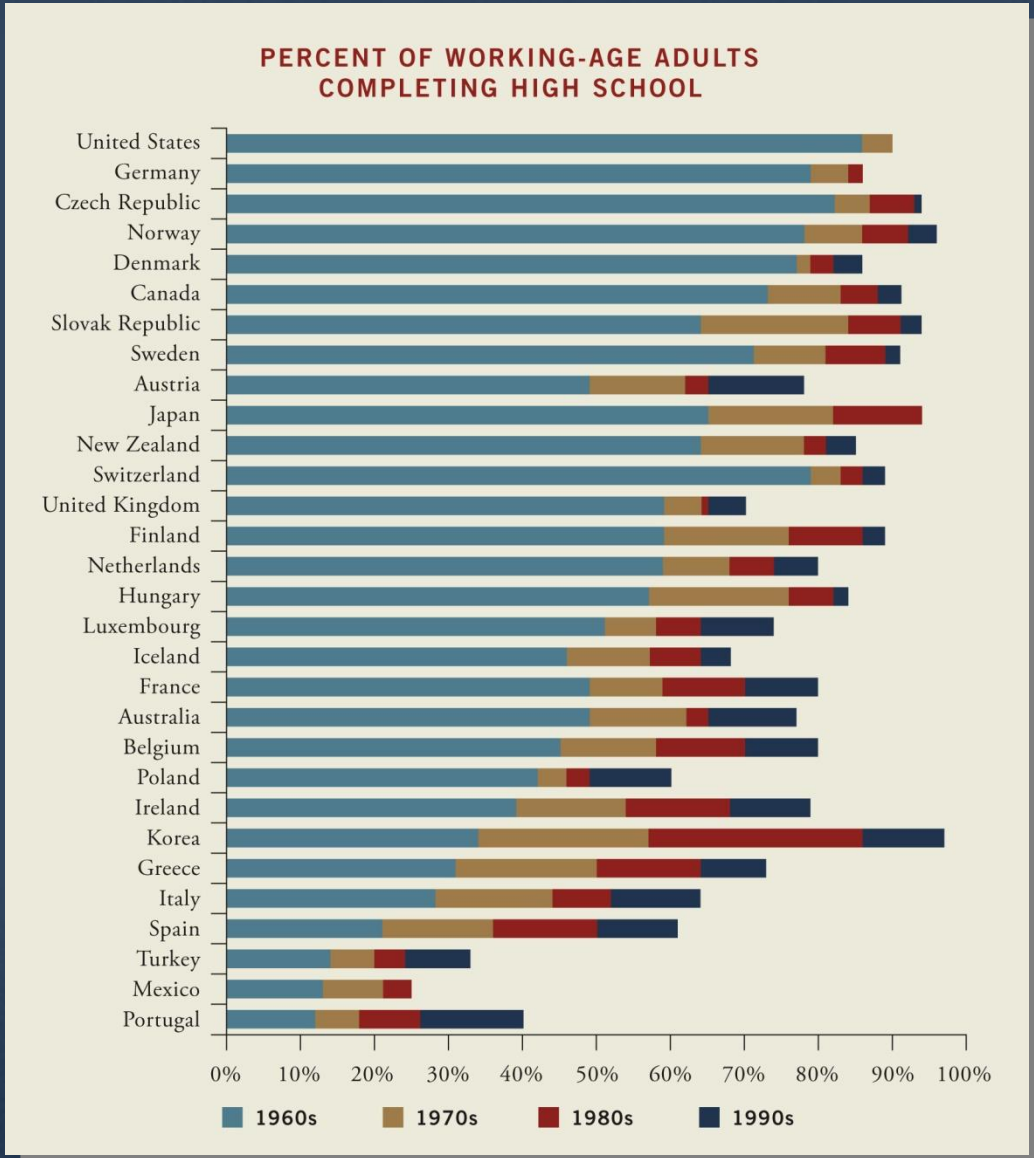
They won't — *unless*:

- We can match the world's best academic performance
- Our workers are among the most creative and innovative anywhere
- American workers are among the world's fastest learners

So, how do we compare?

- How much education do our workers, have, compared to the competition?
- What is the quality of that education, compared to the competition?
- What is the per capita cost of our education system, compared to the competition?
- And what are we getting for our money, compared to the competition?

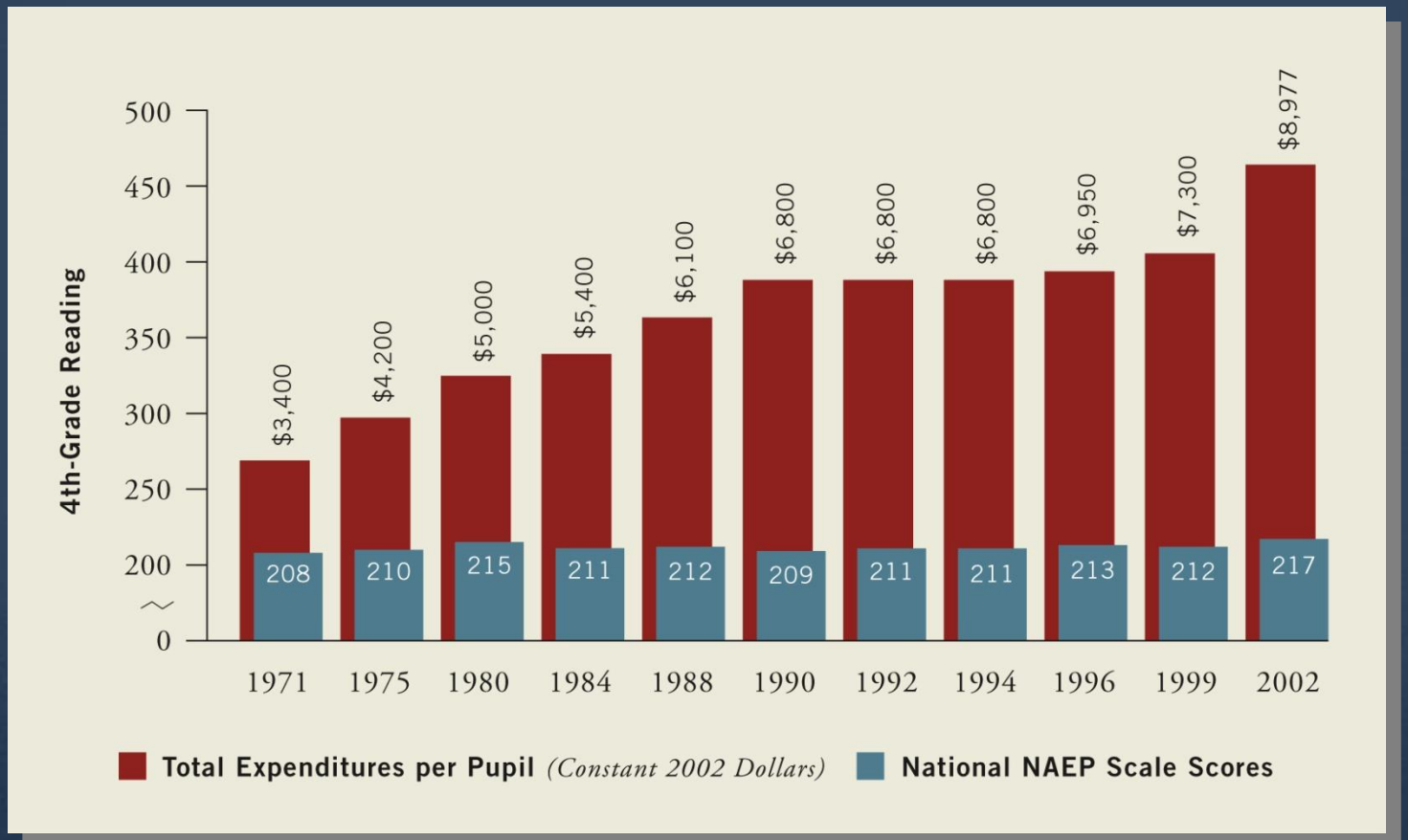
International Attainment



The Quality of Our Graduates is Mediocre

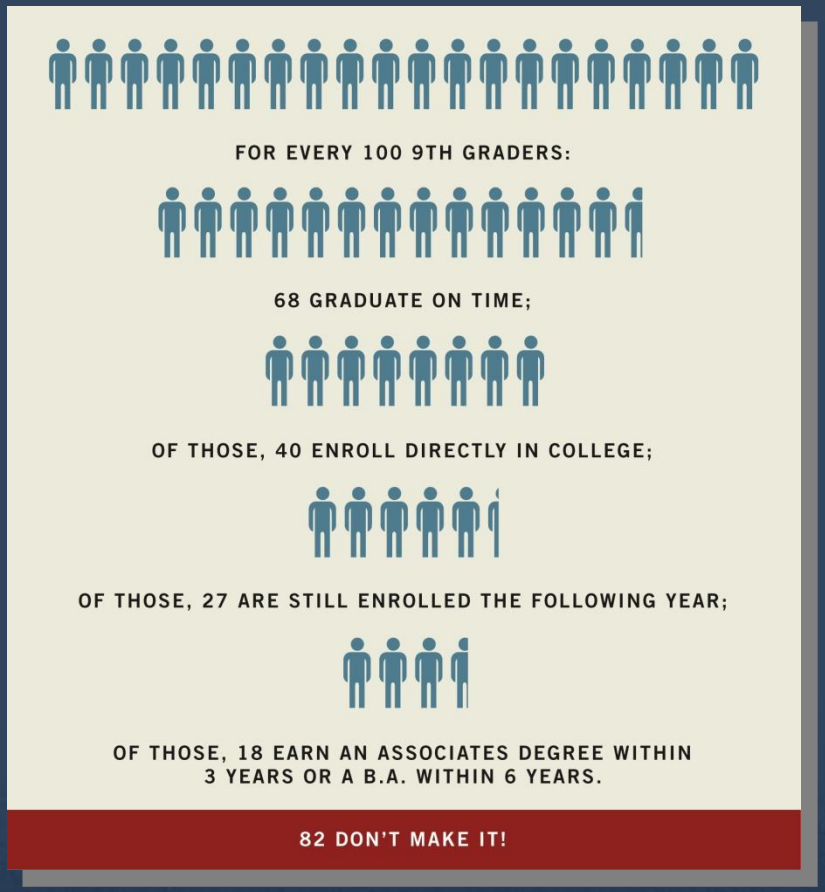
- OECD-PISA
  - — Consistently below the median
- TIMSS
  - — High School: We beat only Cyprus
- OECD Adult Literacy Survey
  - — “Mediocre” Performance

U.S. Education System: Small Gains at Ever-Higher Cost



Sources: NCES NAEP Trends in Academic Progress Through 1999; NCES Digest of Education Statistics 2003.

Portrait of a Failing System



Source: James Hunt, Jr. and Thomas Tierney, *American Higher Education: How Does It Measure Up for the 21st Century?* ☐(San Jose, Calif.: National Center for Public Policy and Higher Education, May 2006).

Why The Current System Isn't Up to the Job

- We've tried:
  - More money
  - Countless programs and initiatives
- Only thing we have not changed — in over 100 years — is

THE SYSTEM

Our Proposals

★ ★ ★ ★

Building A NEW System
for the 21st Century

Step 1: Assume we will do the job right the first time

- Benchmark: Countries that are sending most of their high school students to college ready to do college-level work at the age of 16
- Design criteria:
  - 60% of 16-year olds ready for college without remediation
  - 95% of 18-year olds ready for college without remediation

Step 1: cont'd

- Create high quality examination set to standard of "ready for college without remediation"
- Students automatically admitted to state community and technical colleges when they meet the standard
- If they pass a higher level, can stay in high school to prepare for admission to selective colleges (AP, IB, similar programs)

Step 2: Make much more efficient use of our resources

Savings from jr. and sr. year in high school plus elimination of remediation in college	$60 billion
Reduce by cost of educating Students who now drop out	-10 billion
	50 billion
Small addition to fund (1.6% Of total elementary and secondary Education spending)	+8 billion
TOTAL REINVESTMENT FUND	$58 billion

Step 3: Invest in High Quality Early Childhood Education

For—

- All four-year olds
- All low-income three-year olds

Step 4: Recruit teachers from the top third of college grads

- $19+ billion to provide—
  - New starting pay = current median pay
  - Top avg salary of $95,000, $110,000 for full year teachers
- Abolish pay based on seniority; instead base it on career ladder (increased responsibility), student performance, incentives for shortage areas, etc.

Step 5: Create high performance schools and districts everywhere

- Schools run by 3rd party organizations (mostly teacher partnerships) under contract to school districts
- Performance contracts provide increasing rewards for higher student performance, terminate contracts when student performance falls below agreed standards

Step 5: Cont'd

- Districts responsible for assembling and managing a portfolio of high quality schools
- All schools to be public schools—
  - Subject to state achievement standards and curriculum
  - Administer state exams
  - Admit all who apply; use a lottery if oversubscribed

Step 5: Cont'd

- Teachers to be employed by the state on state salary schedule
  - But would not have a job until engaged by a school
  - Would have to search for another school if dismissed

Step 6: Provide strong support to disadvantaged students

- All schools to be funded directly by the state
- Each student brings the same standard amount of funds to the school, plus additional increments for:
  - Students from low-income families
  - Students from non-English-speaking families
  - Mildly disabled
  - Severely disabled
- Students can choose any public school

Step 6: Cont'd

- $18+ billion to "top up" school funding
- Schools serving high proportions of disadvantaged students could afford—
  - Longer school day, year
  - Extensive screening and diagnostic services
  - Supports for physical and learning disabilities
  - Tutoring, counsellors, mentors

Step 7: Rebuild standards, assessment, curriculum

- States to adopt world class syllabus-driven examination systems at high school level, including—
  - High quality curriculum in literacy, literature, math, science, history and social studies, the arts,
  - Matching high quality examinations
  - Matching instruction for teachers

Step 7: Cont'd

- Trade much better tests for fewer required state tests
  - World-class examinations cost 4-5 times what states are now spending on their accountability tests
  - Teachers are not objecting to teaching to the test, but to the tests they are required to teach to (AP tests are tests that almost all teachers want to teach to)

Step 8: Provide free education for all to new standard

- New federal guarantee: All members of the workforce 16 year old and older to have access to a free education up to the new high school standard (ready for college without remediation)
- Many venues for adults to get that education in appropriate form

Step 9: Create New GI Bill

- Federal government creates tax-protected account for every child when born
- Deposits $500 in account, $100 each year thereafter to age 16.
- Parents, employers, state can contribute
- Account-holder can withdraw funds only for educational purposes

Step 10: Create Regional Economic Development Authorities

- Federal government to authorize states to create regional authorities to combine economic development, adult education and job training funds
- Authorities to be appointed by state and local officials, headed by business leaders
- Strategic allocation of job training funds to be guided by regional goals set by Authorities

NCEE Implementation Plan

- Information campaign
- Barnstorm 10-15 states
- Decide on 1 - 6 states by end of 2-08
- Develop federal legislative proposal for consideration in 2008
- Build coalition around federal legislation

Federal Legislation Design

- Competitive among states
- $10 M/yr for 5 years per state
- Waivers from existing legislation on showing of adoption of relevant TCTT proposals

Federal Legislation Status

- Strong interest
  - Both sides of aisle
  - Both houses
- Kennedy taking lead
- Coalition taking shape

Assistance from NCEE

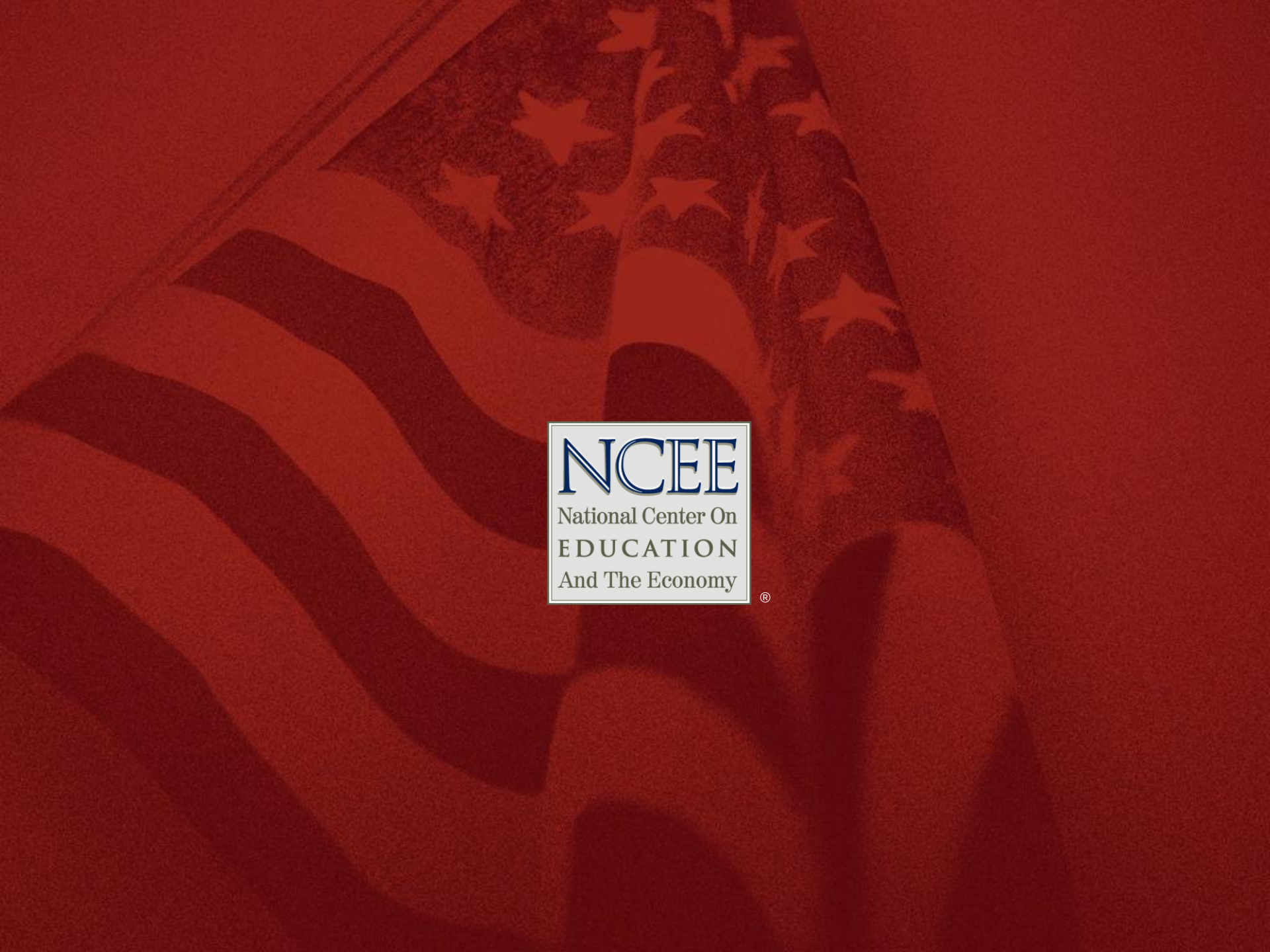
- Barnstorming/Other Commission Help
- Model Legislation
- Financial analysis
- Other Technical Assistance
  - Our team
  - Worldwide consultant team

Collaboration With Other States

- Regular meetings
- Exchange of Policy Practice
- Research and Evaluation
- Consortium on Board Examinations
- Other Consortia

Criteria for State Selection

- Depth of commitment
- Breadth of commitment
- Capacity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